

**AUDITED FINANCIAL STATEMENTS OF THE  
NATIONAL FREQUENCY MANAGEMENT UNIT**

**FOR THE YEAR ENDED  
31 DECEMBER 2003**

**AUDITORS: OFFICE OF THE AUDITOR GENERAL  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA**

**AUDITED FINANCIAL STATEMENTS  
OF THE NATIONAL FREQUENCY MANAGEMENT UNIT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**TABLE OF CONTENTS**

	<b>PAGE</b>
1. TRANSMITTAL LETTER	1
2. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS	2
3. AUDITED FINANCIAL STATEMENTS	4
4. MANAGEMENT LETTER	11



*Office of the Auditor General*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

Our Ref.: 255/SL:23/2

26 August 2004

Mr. Chandi Das Banerji  
Chief Executive Officer (ag.)  
National Frequency Management Unit  
Hadfield Street,  
Georgetown.

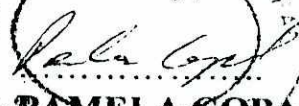
Dear Mr. Banerji,

**RE: AUDIT OF THE FINANCIAL STATEMENTS OF  
THE NATIONAL FREQUENCY MANAGEMENT UNIT FOR  
THE YEAR ENDED 31 DECEMBER 2003**

We are pleased to inform you that the audit of the financial statements of the National Frequency Management Unit, for the year ended 31 December 2003, has been completed. We hereby submit five(5) copies of the signed financial statements, together with the report of the Auditor General and Management Letter thereon.

Should you need any further explanations, please do not hesitate to contact us.

With kind regards.

Yours truly,  
  
**PAMELA GOPAL**  
**ASSISTANT AUDITOR GENERAL**



*Office of the Auditor General*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:91/2004

20 August 2004

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE  
NATIONAL FREQUENCY MANAGEMENT UNIT  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

*I have audited the attached financial statements of the National Frequency Management Unit for the year ended 31 December 2003 as set out on pages 4 to 10. These statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out on Page 7.*

***Respective Responsibilities of Management and Auditors***

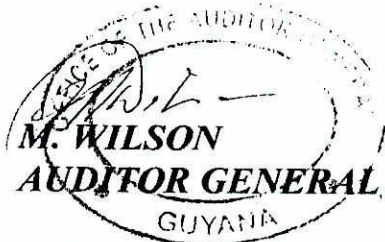
*The responsibility for the preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations is that of management. My responsibility is to express an independent opinion on the statements, based on these assertions and to report my opinion to you.*

***Basis of Opinion***

*I conducted my audit in accordance with generally accepted auditing standards (including those of INTOSAI). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.*

**Opinion**

*In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of the National Frequency Management Unit as at 31 December 2003 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.*

  
**M. WILSON**  
**AUDITOR GENERAL (ag.)**  
GUYANA

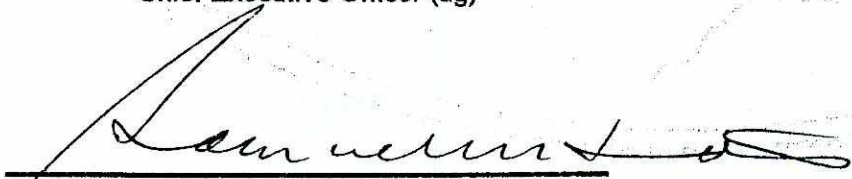
**OFFICE OF THE AUDITOR GENERAL**  
**63 HIGH STREET**  
**KINGSTON**  
**GEORGETOWN**  
**GUYANA**

**National Frequency Management Unit  
Balance Sheet**

As at December 31, 2003

	Notes	Dec. 31, 2003	Dec. 31, 2002
		G\$	
<b>Tangible Fixed Assets</b>	2(d) & 3	48,671,195	18,266,952
<b><u>Current Assets</u></b>			
Stock	8	373,726	304,096
Debtors	6	15,320,490	9,647,680
Cash at Bank		218,816,607	239,482,705
Cash in Hand		98,959	97,835
Prepayments		327,240	0
		<b>234,937,022</b>	<b>249,532,316</b>
<b><u>Less: Current Liabilities</u></b>			
Creditors & Accruals		1,480,486	3,129,310
Deferred Income - Licence Fees		8,021,561	7,945,431
Provision for Taxation		45,974,710	45,974,710
		<b>55,476,757</b>	<b>57,049,451</b>
Net Current Assets		179,460,265	192,482,865
Net Assets		<b>228,131,460</b>	<b>210,749,817</b>
<b><u>Represented By:</u></b>			
Capital	4	2,044,255	2,044,255
Net Profit		17,381,549	68,301,656
Accumulated Surplus		208,705,562	140,403,906
		<b>228,131,460</b>	<b>210,749,817</b>

  
Chandi Das Banerji  
Chief Executive Officer (ag)

  
Hon. Samuel A. Hinds  
Prime Minister of Guyana

The notes on pages 4 to 7 form an integral part of these accounts

**National Frequency Management Unit  
Income and Retained Earnings  
For the year ended December 31, 2003**

Income	Notes	Dec. 31, 2003		Dec. 31, 2002
		G\$	G\$	G\$
Investment Income			11,175,672	13,051,176
Other Income			71,225	168,220
License Fees			148,295,249	136,243,037
Processing Fees			98,000	191,500
			<b>159,640,146</b>	<b>149,653,933</b>
<b><u>Less - Administrative &amp; General Expenses</u></b>				
Salaries		30,652,470		28,932,125
Uniform Expenses		575,961		620,927
Training Course		0		108,289
Advertising		1,133,770		324,700
Telephone & Internet		1,515,988		1,100,657
Electricity		2,961,936		2,564,806
Overseas Travelling		0		0
Rent		714,500		3,665,500
Auditing Fees		415,368		190,394
Consultancy Fees		2,961,438		971,609
Legal & Professional Fees		1,133,525		472,460
Motor Vehicle Expenses		701,051		405,096
R & M - Building etc.	5	2,071,555		945,296
Miscellaneous		1,400,976		1,163,607
Stationery & Office Supplies		75,239		883,090
Meals and Accommodation		87,245		26,510
Seminar & Conference		1,017,470		504,088
Donation & Subscription		11,710,067		10,606,199
Depreciation		2,938,271		3,027,945
GOG Contribution - Mod. of Tel. Exp.		116,151		9,054,523
Technological Development		0		54,844
Security Charges		901,140		983,840
Disposal of Assets		94,456		0
Bad debt		0		0
Advisory Comm. on Broadcasting		19,177,259		14,637,758
Equipment Accessories & Upgrade		0		108,014
Planning and future Development		87,800		0
Rental of State Land (lease)		299,667		0
Maint. Land Development		397,500		0
			<b>92,258,503</b>	<b>81,352,277</b>
<b>Net Profit before Taxation</b>			<b>67,381,643</b>	<b>68,301,656</b>
Taxation			0	0
<b>Net Profit after Taxation</b>			<b>67,381,643</b>	<b>68,301,656</b>
Less transfer to Consolidated Funds			50,000,000	0
<b>Net Profit</b>			<b>17,381,643</b>	<b>68,301,656</b>
Accumulated Surplus Jan. 1, 2003			208,705,562	140,403,906
<b>Accumulated Surplus Dec. 31, 2003</b>			<b>226,087,205</b>	<b>208,705,562</b>

**National Frequency Management Unit  
Notes to the Financial Statements  
For the year ended December 31, 2003**

1

**Incorporation and Principal Activities**

The Unit was Incorporated in the Co-operative Republic of Guyana under the Public Corporations Act on December 13, 1990. The functions of the Unit include:-

- (a) long term radio frequency spectrum management policy and planning;
- (b) establishment of national radio frequency allocations and regulation of the same;
- (c) assignment of radio frequencies;
- (d) licensing and authorisation of the use of radio communications;
- (e) establishment of relations with institutions or authorities outside Guyana in the area of radio frequency spectrum management;
- (f) establishment of technical standards and engineering support facilities necessary or appropriate in relation to the above;
- (g) keeping records relevant to the performance of its functions;
- (h) inspection of installations related to its functions;
- (i) monitoring the use of the radio frequency spectrum.

2

**(a) Statement of Accounting Policies**

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation. These Accounting Policies conform with International Accounting Standards.

**(b) Income & Expenditure**

Income and Expenditure are dealt with in the Financial Statements on the Accruals Basis and no account has been taken of inflation.

**(c) Foreign Currency Transactions**

Foreign currency transactions are translated to Guyana Dollars at the rates ruling on the date of the transactions. Amounts outstanding at the Financial Year end are translated at the rate of exchange ruling at that date.

**(d) Tangible Fixed Assets**

Tangible Fixed Assets are stated at Historical Cost. Depreciation is provided on the Reducing Balance Basis at rates sufficient to write off the Assets over their estimated useful lives. A full years depreciation is charged in the year of acquisition and none in the year of disposal.

**The rates are as follows:**

Building	10%
Technical / Monitoring Equipment	15%
Motor Vehicle	20%
Computers	15%
Furniture / Fixture / Fittings	15%
Others	15%



**National Frequency Management Unit  
Statement of Cash Flows  
For the year ended December 31, 2003**

**Notes**

		<b>2003</b>	<b>2002</b>
		<b>G \$</b>	<b>G \$</b>
Net Cash Inflow from Operating Activities		64,368,996	71,807,055
<u>Investing Activities</u>			
Disposal of Proceeds	300,000		
Acquisition of Fixed Assets	35,333,970		1,023,698
	<u>35,033,970</u>	<u>35,033,970</u>	
Net Cash Inflow before financing		29,335,026	
<u>Financing</u>			
Transfer of Appropriated Profit to Consolidated Funds		(50,000,000)	
Decrease in Cash/Cash out flow	7(b)&©	<u>(20,664,974)</u>	<u>70,783,357</u>

National Frequency Management Unit  
Depreciation Charges  
For the Year ended December 31, 2003

3 **Tangible Fixed Assets**

	<u>Cost</u>							Total	
	Building	Monitoring Equipment	Motor Vehicle	Fur./Fix./Fit. Office Equip.	Computer	Others	Land		WIP
	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$
At January 01,2003	0	12,076,306	5,840,600	6,388,230	4,516,466	1,552,270	0	1,898,702	32,272,574
Less Disposal	0	78,400	850,000	9,999	256,303	88,350	0	0	1,283,052
Additions	0	11,997,906	4,990,600	6,378,231	4,260,163	1,463,920	0	1,898,702	30,989,522
At December 31,2003	20,000,000	307,172	0	7,798	19,000	15,000,000	0	0	35,333,970
	20,000,000	12,305,078	4,990,600	6,386,029	4,260,163	1,482,920	15,000,000	1,898,702	66,323,492

Depreciation

At January 01,2003	0	3,972,285	3,944,349	3,561,725	2,004,333	522,930	0	0	14,005,622
Less Disposal	0	23,150	735,915	5,563	100,269	23,699	0	0	888,596
Charges for the year	0	3,949,135	3,208,434	3,556,162	1,904,064	499,231	0	0	13,117,026
At December 31,2003	2,000,000	1,253,391	356,433	424,479	353,415	147,553	0	0	4,535,271
	2,000,000	5,202,526	3,564,867	3,980,641	2,257,479	646,784	0	0	17,652,297

Net Book Value

At January 01,2003	0	8,104,021	1,896,251	2,826,505	2,512,133	1,029,340	0	1,898,702	18,266,952
At December 31,2003	18,000,000	7,102,552	1,425,733	2,405,388	2,002,684	836,136	15,000,000	1,898,702	48,671,195

**National Frequency Management Unit  
Notes to the Financial Statements  
For the year ended December 31, 2003**

**4 Capital**

The Capital of the Unit represents Fixed Assets taken over from the Guyana Telephone Corporation on December 13, 1990. These Assets have been value at their market values as at December 13, 1990. Also included in the Capital, is the amount for G\$634,674.00 as operating capital.

**5 Repairs and Maintenance**

	2003	2002
Building	247,136	208,870
Computers	161,567	31,022
Equipment	605,827	105,878
Motor Vehicle	581,819	469,771
Fur./Fix./Fittings	475,206	129,755
<b>Total</b>	<b>2,071,555</b>	<b>945,296</b>

**6 Debtors as at December 31, 2003**

Licensee	14,806,090
Reform of Telecoms	268,600
Deposit on Security	184,800
Others - return cheque	61,000
<b>Total</b>	<b>15,320,490</b>

**National Frequency Management Unit  
Notes to the Financial Statement  
For the year ended December 31, 2003**

**7 Notes to the Cash Flow Statement**

	<b>2003</b>	<b>2002</b>		
	<b>G\$</b>	<b>G\$</b>		
<b>(a) Reconciliation of Operating Profit to Net Inflow from Operating Activity</b>				
Operating Profit	67,381,643	68,301,656		
Depreciation	4,535,271	3,027,945		
Disposal	94,456	0		
Increase/Decrease in Debtors	(5,672,810)	201,040		
Increase in Stock	(69,630)	(91,535)		
Increase in Accruals	(1,648,824)	(955,484)		
Increase in Prepayments - Lic. Fees	76,130	1,133,433		
Increase/Decrease in Prepayments	(327,240)	190,000		
	<u>64,368,996</u>	<u>71,807,055</u>		
<b>(b) Analysis of changes in Cash during the Year</b>				
Opening Balance	239,580,540	168,797,183		
Change	(20,664,974)	70,783,357		
Closing Cash	<u>218,915,566</u>	<u>239,580,540</u>		
<b>(c) Analysis of Balances as shown on the Balance Sheet</b>				
	Dec. 31	Jan. 01	Change	Change
Cash in Hand and at Bank	218,915,566	239,580,540	(20,664,974)	70,783,357

**8 Stocks**

Stocks are valued at Weighted Average Method